

# **Fiscal Year 2006 Budget Summary**



**Senate Fiscal Services**

**Updated on August 22, 2005**

## **Overview of the Fiscal Year 2006 Budget**

### **Fiscal Year 2006 Total State Budget**

As passed by the Legislature, the FY06 total budget is approximately \$18.7 billion, including \$7.3 billion in State General Fund.

The budget increased approximately \$930.5 million from the Fiscal Year (FY05) existing operating budget of \$17.8 billion. Almost one-half of the increase is in State General Fund in the amount of \$399.2 million. The second largest increase is in Federal Funds in the amount of \$267.2 million.

Federal funding increased in FY06 as compared to FY05. The increase occurred even with the loss of the excess 75 percent Disproportionate Share payments that were used to finance the provision of health care services totaling approximately \$256.7 million in FY05. Conversely, the FY05 budget had experienced a decrease in federal funding compared to the FY04 budget. In FY04, the state had received a large influx of federal dollars when Congress provided the states with general and Medicaid fiscal relief packages. Such funding was not continued for FY05.

### **Fiscal Year 2006 Executive Budget Recommendations**

The challenge in constructing the FY06 budget was replacing nearly \$600 million in federal and one-time money supporting services in FY05. In order to close part of this gap, House Bill 1 (HB 1) of the 2005 Regular Session of the Legislature, which became Act 16 of the 2005 Regular Session of the Legislature (Act 16), contained three supplemental sections as introduced.

- One supplementary section was tied to the passage of a provider fee on non-state, non-rural hospitals estimated to generate \$75 million in state revenues and finance \$250.8 million in Medicaid expenditures. (As the session ended, the structure of the provider fee was altered resulting in the generation of \$89.1 million in state revenues and \$297.2 million in total revenues.)
- Another supplemental section was contingent on a \$64.6 million defeasance plan financed with the Fiscal Year 2004 (FY04) year-end surplus (\$32.9 million) and a mineral audit settlement (\$31.7 million).
- A third supplemental section was contingent on \$48.4 million in proceeds being realized from the mid-year 1.75 percent reduction to state agencies' budget in FY05 and carried forward into FY06.

Despite the supplemental funding mechanisms proposed, there were still major budget areas that remained unfunded. In essence, the Medicaid program still contained a shortfall in total

funding of \$150 million when the Executive Budget was proposed. Further, other budget items still required funding sources. Such expenditure items are typically referred to as “unmet needs”.

The following table highlights some of the “unmet needs” remaining after the FY06 Executive Budget was introduced.

Medicaid Program	\$150.0 million
Charity Hospitals	\$49.0 million
Final Judgments Against the State	\$20.0 million
State Police Information Technology	\$4.8 million
TOPS Tuition Increase Match	\$3.2 million

When the Revenue Estimating Conference met and recognized additional revenues for FY06 (see following section), the state was able to provide adequate funding for the “unmet needs” outstanding from the Governor’s Executive Budget Recommendations.

### **Increases in Revenue Estimates for Fiscal Year 2005 and Fiscal Year 2006**

The Revenue Estimating Conference (REC), at its December 2004 and May 2005 meetings, increased revenue estimates for both FY05 and FY06. The estimate increases were primarily attributable to greater corporate income taxes and mineral revenues associated with higher oil prices for both FY05 and FY06. The average price per barrel of oil is estimated to be \$47.42 for FY05 and \$40.44 for FY06.

#### Fiscal Year 2005

For FY05, the Revenue Estimating Conference increased the revenue forecast by \$150 million at the December 2004 meeting. At the May 2005 REC meeting, the conference increased the FY05 estimate by an additional \$192 million.

#### Fiscal Year 2006

For FY06, the Revenue Estimating Conference, at its December 2004 meeting, increased the revenue forecast by \$250 million. This number represents an increase over the Long-Range Forecast utilized to initially develop the FY06 Continuation Budget and subsequently develop the proposed Executive Budget. At the May 2005 REC meeting, the conference increased the FY06 estimate by an additional \$169 million.

#### Budget Stabilization Fund and the Impact of Changes in Mineral Revenue Collections

The balance in the Budget Stabilization Fund at the end of FY04 was approximately \$239.3 million.

At the May 2005 Revenue Estimating Conference meeting, the conference recognized an *additional* \$75.1 million in mineral revenue for FY05. This amount is above and beyond both the earlier deposits of \$137.1 million in excess mineral revenues and the \$850 million already incorporated into the general fund balance for FY05. This action brought the total for deposit in FY05 from mineral revenue to \$212.3 million. When the fund balance is adjusted to reflect the additional mineral revenues for FY05, the Budget Stabilization Fund will grow to \$451.6 million. This projected fund balance does not include any deposits from other revenue sources for FY05.

Also at its May 2005 meeting, the conference recognized an *additional* \$181 million in mineral revenue for FY06. This amount is above and beyond both the earlier projected deposits into the Budget Stabilization Fund in the amount of \$3.5 million and the \$850 million already incorporated into the general fund balance for FY06. The newly recognized amounts, when added to the projected FY05 balance explained above of \$451.6 million, brings the balance in the fund to \$636.1 million [\$451.6 million from the FY05 year-end projected balance (again, this balance does not include deposits from other revenue sources) plus the FY06 mineral revenue deposits of \$184.5 million].

In summary, as provided by law, the maximum amount allowable (\$850 million) in mineral revenue has already been incorporated into the State General Fund for the FY06 budget. Therefore, any additional mineral revenue generated during the course of FY06 by higher than estimated oil prices will be deposited into the Budget Stabilization Fund.

### **Legislative Action on the Budget**

As a result of the increase in revenues recognized at the May REC meeting, significant restorations and some enhancements were made to the proposed FY06 budget by the legislature.

Major items restored or enhanced by the legislature in the FY06 budget include the following adjustments (*the amounts below do not represent total funding for any one program; instead, the amounts represent the total funding restored or enhanced by the legislature during the process*):

Department of Health and Hospitals	\$526.1 million
Including \$499.1 million for the Medicaid administrative and services programs,	
\$8.3 million for Public Health Services,	
\$9.4 million for Mental Health Services,	
\$2.3 million for Developmental Disabilities Services,	
and \$1.0 million for Addictive Disorders Services.	
Higher Education	\$55.0 million
LSU Health Sciences Center - Health Care Services Division	\$51.0 million
LSU Health Sciences Center – Shreveport	\$21.9 million
LSU Health Sciences Center - E. A. Conway Medical Center	\$9.4 million

TOPS Full Funding	\$5.6 million
Including \$1.0 million for TOPS Tech Awards	
Restoration of Full Funding for the Truancy Program	\$1.3 million
City of New Orleans Public Services Support due to Casino	\$1.0 million

### **Pay Raises and Tobacco Taxes**

Another issue that arose after the budget was introduced was the debate surrounding a pay raise for teachers, college faculty, and support workers. In the end, a pay raise proposal that was contingent on an increase in tobacco taxes never materialized.

In the early days of the session, a proposal for salary increases for teachers, college faculty and support workers was developed and amended into HB 1. The revenue source was the \$1 increase in the tax on cigarette packs that would be authorized with the enactment of House Bill 437 (HB 437) of the 2005 Regular Session of the Legislature. The House Appropriations Committee added the contingency appropriation to the appropriation bill when the passage of HB 437 seemed possible.

However, HB 437 was never called from the calendar for a vote on the House Floor and the pay raise proposal was removed from HB 1.

## **Overview of Funding in Fiscal Year 2006 for Human Services**

### **Health Care Services**

#### Medicaid Program

Overall, the Medicaid program is funded in FY06 at \$5.6 billion for reimbursements to health care providers of medical services to Medicaid clientele and the uninsured, with \$371.3 million in growth over the FY05 budget, assuming all contingent funding is realized.

- In response to projected increases in both costs and utilization of services, the FY06 budget includes an addition of roughly \$333.6 million for payments to various health care providers of medical services to Medicaid clientele and the uninsured.
- Due to increases in Medicare premium costs and utilization, \$49.7 million has been added to fully fund the anticipated costs of buying dual Medicaid/Medicare eligible individuals into the Medicare program.
- The \$12 million in funding for the Auxiliary Program has been non-recurred in FY06 as the state will no longer be able to generate revenues via intergovernmental transfers.

A substantial component of the Medicaid program's financing for FY06 (and future fiscal years) is the passage of a hospital provider fee during the 2005 Legislative Session.

- Act 182 (HB 887) of the 2005 Regular Session of the Legislature, also referred to as the Healthcare Affordability Act, assesses a 1.5 percent fee on total net patient revenue of non-state, non-federal, non-rural, non-rehabilitation, non-psychiatric, and non-long-term-acute-care hospitals.
- In FY06, the provider fee on hospitals will generate \$89.1 million in revenues for the state that will be matched with \$208.1 million in Federal Funds to produce a total of \$297.2 million in funding for Medicaid and Uncompensated Care Costs payments to hospitals and other health care providers.

#### Charity Hospitals

The Health Care Services Division (HCSD) faced a significant shortfall in revenues versus projected expenditures in FY06 in the original version of the budget.

- The legislature added \$20.1 million in uncompensated care costs payments to ensure continuity in service provision for the uninsured in FY06 and \$24.8 million in additional Medicaid claims payments based on the most recent projections of needed service provision in FY06.

- These actions, in conjunction with all actions taken by the legislature on HCSD's FY06 budget, result in estimated total financing for the eight hospitals of \$920 million.

University Hospital in Shreveport and E. A. Conway Medical Center in Monroe also faced shortfalls as the budget was originally presented to the legislature.

- The legislature added \$19.6 million in additional uncompensated care costs payments to University Hospital to continue FY05 service levels into FY06 resulting in \$279.2 million in total budgeted revenues for University Hospital in FY06.
- E. A. Conway Medical Center received \$9.1 million in additional uncompensated care costs payments to continue FY05 service levels into FY06. The additional payments bring the total budget for E. A. Conway Medical Center to \$77.6 million in FY06.

## **Social Services**

### Temporary Assistance to Needy Families (TANF) Initiatives

Unlike prior years, when initiative programs have been added or removed and allocation amounts have been altered, there were very few changes to funding for Temporary Assistance to Needy Families (TANF) initiatives for FY06.

- The only major fiscal change was the addition of \$500,000 for abortion alternatives placed in HB 1 by the House.
- The Senate made a structural change to the administration of one of the initiative programs by amending HB 1 to move Teen Pregnancy Prevention from the Department of Education back to the Department of Social Services for administration and monitoring of the program.
- In the end, a total of \$52.1 million has been allocated from the TANF block grant for initiatives for FY06. The chart on the following page outlines these programs.

<b>FY06 TANF Initiatives</b>	
<b>Initiatives</b>	<b>Amount</b>
<b>Literacy</b>	
Public Pre-K (LA4)	\$ 17,000,000
Private Pre-K	\$ 8,500,000
After-school programs	\$ 9,500,000
Truancy and assessment services	\$ 700,000
<b>Sub-total:</b>	<b>\$ 35,700,000</b>
<b>Employment</b>	
Micro-enterprise development	\$ 750,000
Teen pregnancy	\$ 5,500,000
CASA	\$ 3,000,000
Drug courts	\$ 5,000,000
<b>Sub-total:</b>	<b>\$ 14,250,000</b>
<b>Other</b>	
Individual Development Accounts (IDA's)	\$ 1,000,000
Earned Income Tax Credit (EITC)	\$ 315,000
Foster Care Developmental and Socialization Activities Program	\$ 325,000
Abortion Alternatives	\$ 500,000
<b>Sub-total:</b>	<b>\$ 2,140,000</b>
<b>GRAND TOTAL: \$ 52,090,000</b>	

#### Family Support Services

There were a few other amendments with significant fiscal impact to the Office of Family Support.

- A total of \$4.2 million was added to the Client Services Program for the activities of Support Enforcement Services, which is responsible for administering and monitoring the state's child support efforts.
- A total of \$2.6 million was provided for 50 positions and the related expenditures for Support Enforcement Services activities in the Administrative and Client Services Programs.



### Community Services

Additional funding has been provided for Child Welfare Services in FY06.

- A total of \$3.5 million was added to the Child Welfare Services program for residential care. The State General Fund portion of this amount was \$2 million, which was used to draw down additional Federal dollars of \$1.5 million.
- The Senate added an amendment for \$250,000 in Federal Title IV-E Funds to the Child Welfare Services Program for the Jefferson Parish Juvenile Court. The funding will be used for pre-placement activities to reduce the number of children who would otherwise be placed into out-of-home foster care and to enable reasonable candidates for foster care to remain at home. The court will supply the matching funds required for this program.

### Rehabilitation Services

A total of \$198,872 was added for additional collections in the Blind Vendors Trust Fund to cover insurance premiums for blind vendors working in, or retired from, the Randolph-Sheppard program, which provides career opportunities for qualified visually impaired individuals in the food service fields.

## **Overview of Funding in Fiscal Year 2006 for Educational Services**

### **K-12 Education**

The legislature fully funded the Minimum Foundation Program (MFP) formula for providing basic state aid to local schools.

- The MFP is funded at \$2.7 billion for FY06, an increase of about \$51 million over the budget for FY05, due mainly to a built-in 2.75 percent increase.
- The MFP provides \$31.4 million for teacher pay raises in fifty-four of the state's sixty-eight parish and city school districts, but there is a wide variance in the amount available for each school system. The proposed raises range from \$0 to \$1,791 for the 59,000 school employees who hold teaching certificates. The average raise is \$530.
- Teachers in fourteen school systems will receive no raises through the MFP formula because their respective school systems will receive either the same funding or less funding than they received in FY05 due to student enrollment declines and/or a calculation of the systems' capabilities and efforts to raise local revenues that can be spent on public schools.
- Act 138 (HB 842) of the 2005 Regular Session of the Legislature, the FY05 Supplemental Appropriation Act, provides \$12.5 million outside of the MFP formula for a one-time salary supplement to all certificated school employees who otherwise would not receive the average \$530 raise.

Act 16 contains a total of \$69 million for the LA4 Pre-Kindergarten Program in FY06.

- This is a \$20 million increase to expand the LA4 Program's public school classes for at-risk four-year-olds in FY06.
- With this increase, LA4 is funded to serve a total of 36,400 at-risk four-year-olds. This represents 91.4 percent of the state's at-risk Pre-K population.

Other educational programs also received additional funding in Act 16.

- An additional \$2.3 million has been appropriated for Type 2 Charter Schools in order to provide for increased enrollment in FY06. It is anticipated that nearly 3,800 students will attend eight Type 2 Charter Schools in FY06, at a total cost of \$24.5 million.
- The legislature appropriated an additional \$1 million to implement two new assessment programs in FY06: the English Language Development Assessment (ELDA) to assess proficiency in English; and the Online Diagnosis Test to target student mastery of the state's Grade Level Expectations (GLE).

- House Bill 1 provides \$2 million in new funding for nationally certified teachers, school psychologists and school counselors.
- The legislature appropriated an additional \$500,000 for the Jobs for America's Graduates – Louisiana (JAG-LA) Program, a dropout prevention and workforce preparation program for at-risk youth. This increases the funding for this program to \$1 million.

### **Tuition Opportunity Program for Students (TOPS)**

TOPS is funded at about \$8.8 million more in FY06 than in FY05. TOPS is fully funded at \$122.6 million for 43,000 students in FY06, enough to cover the approved three-percent tuition increase at the state's public colleges and universities.

- This tuition increase received Joint Legislative Committee on the Budget (JLCB) approval in March 2005, and funding has been provided to reflect the impact on TOPS in Act 16. Another factor increasing the cost of TOPS is due to an additional 1,600 students eligible for awards in FY06.
- Pursuant to Act 348 (SB 355) of the 2005 Regular Session, an additional \$1 million has been appropriated for the TOPS-Tech Early Start Program. This new program allows high school students to enroll in community and technical colleges before they receive their high school diplomas. They will be able to get their tuition paid through TOPS.

### **Higher Education**

A total of \$51.5 million was added to Higher Education in FY06 to address growth in operating expenses.

- The legislature appropriated an additional \$23.9 million to Higher Education to fund mandated costs including merit increases, group insurance, and retirement costs.
- The three-percent tuition increase approved by the Joint Legislative Committee on the Budget in March 2005 totals \$17.6 million in FY06 and is appropriated to the various higher education systems for general operating expenses.
- Act 16 also contains \$10 million in new funding from the Higher Education Initiatives Fund for operational expenses to be distributed to the colleges and universities. The appropriation is also intended to fund the continued growth and development of community and technical colleges and learning centers.

In addition, two campuses had specific needs that the legislature addressed above the overall funding provided to the rest of the higher education institutions.

- The School of Pharmacy at the University of Louisiana at Monroe received an additional \$2 million for expenditures necessary in FY06 to assist in the maintenance of the accreditation of the school.
- The legislature appropriated an additional \$2 million in funding for the LSU Agricultural Center for operational expenses and vocational agricultural education.

The legislature appropriated additional funding to Higher Education for the enhancement of certain programs in FY06.

- An appropriation of \$12 million to the Board of Regents will be used to match \$18.6 million in donations to create a funding pool of \$30.6 million for endowed chairs and professorships in FY06.
- Act 16 includes an additional \$3 million in funding, for a total of \$6.6 million, for the Board of Regents for the Health Care Workforce Development initiative to support a new class of nursing and allied health students.
- The Center for Computation and Technology at Louisiana State University-Baton Rouge received an additional \$2 million for the Governor's Information Technology Initiative at the campus in FY06.
- The FY06 budget for the Board of Regents includes a total of \$4 million in State General Fund, an increase of approximately \$800,000 over the FY05 appropriation, for the Louisiana Optical Network Initiative (LONI). LONI is a statewide optical fiber network that will allow the networking of computers with other research universities.

## **Overview of Funding in Fiscal Year 2006 for Public Safety and Corrections Services**

### **Corrections Services**

The most significant changes in the Department of Corrections for FY06 are two expansion projects at Dixon Correctional Institute and Wade Correctional Center.

- The project at Dixon is a 220-bed trustee dormitory scheduled to be completed by August 2005. This project costs approximately \$864,154 and requires an additional 11 positions.
- The project at Wade is a 50-bed skilled nursing unit scheduled to be completed by January 2006. This project costs approximately \$1.5 million and adds 53 positions.

During deliberation on the budget in House Appropriations Committee, a construction project for a new deathrow cellblock at Louisiana State Penitentiary was put on hold due to anticipated construction delays. The \$1.5 million-project had been scheduled for completion by January 2006, but will likely be delayed until later in FY07.

### **Public Safety Services**

#### State Police

The budget for the Office of State Police increased by \$17 million in FY06 due mainly to increasing technological and staffing needs.

- A total of \$7.8 million was been added to the Office of State Police for information technology upgrades to the AFIS system, the automated fingerprinting system for the department, in FY06.
- A total of \$3.3 million is provided for DNA sampling of convicted offenders and felony arrestees out of the Criminal Identification and Information Fund.
- A total of \$2.9 million was provided for acquisition of a new video poker computer monitoring system in the Office of State Police.
- Fifteen positions were added in State Police for placement and training of a new cadet class: nine positions were added in Traffic Enforcement; two positions in Criminal Investigation; and four positions in Gaming Enforcement. The total cost for these positions is \$970,220.
- Also in the Office of State Police, twenty-one intoxilyzers were replaced at a cost of \$113,820. These units are approximately 10 percent of the statewide total of 212.

### Motor Vehicles

The Office of Motor Vehicles received an appropriation of \$100,000 for the Organ Donor Awareness Initiative.

### **Youth Services**

#### Community-Based Programs

Funding for community-based services for juvenile offenders is increasing in FY06.

- A total of \$1.5 million from the Youthful Offender Management Fund was added for twenty community-based residential slots to specifically address the needs of female offenders.
- Additional budget authority of \$899,264 in Statutory Dedications was provided to Youth Services due to an increase in the anticipated fund balance of the Youthful Offender Management Fund. The funding will be used for community-based services for juvenile offenders.
- Also, two legislative amendments were also provided for community-based programs, including \$15,000 in State General Fund for the Baton Rouge Walk of Faith Collaboration and \$50,000 for Novice House.

#### Increased Collections from the Social Security Administration

A total of \$220,000 in Federal Funds was added to Youth Services based on increased collections from the Social Security Administration for reimbursement of the cost of care for eligible youth.

## **Overview of Funding in Fiscal Year 2006 for General Government Services**

### **Executive**

#### Urban and Rural Grant Programs

No adjustments were made to the total funding for the Urban and Rural Grant Programs in FY06.

- The FY06 budget contains \$8.3 million in funding for the Urban Grants program.
- The Rural Development Grants program is budgeted at \$7.6 million in FY06.

#### Initiatives and Obligations

The Executive Department received additional funding from the legislature for a few significant initiatives and to comply with financial obligations of the state in FY06.

- The FY06 Executive Office budget contains an additional \$1 million to enhance support for the Louisiana Indigent Defense Assistance Board.
- The Division of Administration received \$975,000 in FY06 for the Tournament Players Club (TPC) Golf Facility Cooperative Endeavor Agreement due to a shortfall in the number of golf rounds booked through New Orleans area hotels.
- New funding totaling \$500,000 is provided to the Emergency Preparedness Program in the Department of Military Affairs for the Southern Anti-terrorist Regional Training Academy.

#### Saints/Hornets

The \$49.4 million appropriation to the Louisiana Stadium and Exposition District (LSED) is estimated to be roughly \$8.9 million short of the amount needed to meet district obligations in FY06. Of that shortfall, \$7.8 million may be attributed to contractual obligations with the New Orleans Saints.

- The State Bond Commission approved the issuance of \$10.5 million in revenue anticipation notes to address the FY05 revenue shortfall experienced by the District. The funds were used to make payments on the Saints retention guarantee (about \$7.8 million), the Hornets attendance guarantee (about \$700,000), and to address general operating expenditures (\$1.8 million).
- Act 430 (HB 393) of the 2005 Regular Session of the Legislature provides a future funding stream to assist the state in meeting future contractual obligations with NFL and NBA franchises.

- After net slot machine proceeds at the New Orleans racetrack are provided to various entities at specific rates or amounts, the remainder of the revenues generated will be deposited into the New Orleans Sports Franchise Assistance Fund (NOSFAF).
- The sole use of monies from NOSFAF is to meet contractual obligations made with NFL and NBA teams located in Orleans Parish.

## **Elected Officials**

### Secretary of State

Act 16 provides an additional \$1.1 million to the Secretary of State's Museum and Other Operations Program to enhance and expand the operations of various state and local museums across Louisiana.

The legislature appropriated an additional \$709,223 to the Secretary of State's Elections Program to provide for merit increases for employees of the Registrars of Voters throughout the state.

### Attorney General

The staff of the Department of Justice is expanding in FY06 to better efforts in fraud detection and prevention and risk litigation.

- The Attorney General's Medicaid Fraud Control Unit is slated to receive an additional \$2.1 million and 25 positions in an effort to enhance fraud and abuse detection and fraud prevention activities. Further, the funding will allow the Attorney General to better pursue collections on judgments previously awarded.
- Act 16 provides an additional \$1.9 million and 28 positions to expand the Department of Justice's Risk Litigation offices in New Orleans and Shreveport. Increasing the legal staffs in these regional offices will allow the Attorney General to handle more risk litigation cases in-house and give staff the opportunity to specialize in key types of risk litigation within geographic areas.

The legislature appropriated \$460,000 for civil legal services for the poor for FY06.

- This represents a \$160,000 increase in funding for these services over the FY05 level.
- The funds will be divided equally among four regional legal services corporations across the state.



## **Economic Development**

Act 16 contains \$10 million for the Rapid Response Fund pursuant to Act 398 (HB 460) of the 2005 Regular Session of the Legislature.

- Act 398 establishes the Rapid Response Fund in the state treasury for the purpose of economic development and requires future deposits of State General Fund to maintain the fund's unencumbered balance at \$10 million at the beginning of each fiscal year.
- The Act further requires reporting to the Joint Legislative Committee on the Budget regarding the department's use of monies in the fund each October and April.

The Department of Economic Development (DED) received \$3.6 million in one-time funding for advertising and marketing out of the Marketing Fund.

DED received \$1.5 million in new funding for the England Economic and Industrial Development District for the first year of a fifteen-year commitment for debt service on public infrastructure construction for the Union Tank Car manufacturing facility.

## **Transportation and Development**

The total FY06 appropriation to the Department of Transportation and Development is \$440.3 million or 1.2 percent greater than the prior fiscal year. The changes in the budget result from multiple actions.

- An increase of \$19.2 million was included for expenditures that were transferred to the operating budget from the capital outlay budget. These include certain activities that the Division of Administration considered to be operating expenditures.
- A net increase of \$11.5 million stemmed from a series of adjustments in personnel related costs including merit increases, retirement, group insurance, attrition adjustments and the elimination of 74 unfilled vacancies.
- An increase of \$1.0 million in State General Fund pass-through projects administered by the department produced a total of \$1.8 million in local projects.
- Reductions totaling \$7.0 million from the Transportation Trust Fund-Regular were made in the operating budget to balance expenditures with official revenue estimates.
- The elimination of non-recurring items from the budget for FY06 resulted in a \$19.4 million reduction (\$17.2 million in non-recurring carry forwards and \$2.2 million in other non-recurring adjustments).

Act 16 also transferred funding and positions between Administration and the Office of Engineering and Operations to facilitate communication between management and operations. There was no net impact to the total operating budget from this action.

## **Natural Resources**

### Louisiana Royalty Relief Dry Hole Credit Program

Act 298 (SB 182) of the 2005 Regular Session of the Legislature creates the Louisiana Royalty Relief Dry Hole Credit Program.

- Funding for this program in the amount of \$255,000 in Statutory Dedications out of the Mineral Resources Management Fund and 3 positions were added to the Office of Mineral Resources.
- The program is applicable for certain drilling in mineral leases on Louisiana offshore state lands and state-owned water bottoms.

### Ongoing Hydrilla Eradication Efforts

A total of \$75,000 in State General Fund has been provided in DNR's base budget for continued eradication of hydrilla in Henderson Lake. The same amount was appropriated for these efforts in FY05.

## **Wildlife and Fisheries**

### Manchac Wildlife Management Area

A total of \$1 million in Federal Funds was added to the Office of Wildlife from a North American Waterfowl Conservation Act grant for the protection and restoration of wetland habitat on the Manchac Wildlife Management Area.

### White Lake Wetlands Conversation Area

Statutory Dedications out of the White Lake Property Fund in the amount of \$794,864 were added to the Office of Wildlife for transfer of ownership of the White Lake Wetlands Conservation Area. This transfer is pursuant to Act 613 of the 2004 Regular Session, which established the White Lake Property Advisory Board within the Department of Wildlife and Fisheries, among other things.

## **Overview of Funding in Fiscal Year 2006 for Other Government Services**

### **Retirement Systems**

Act 138 (HB 842) of the 2005 Regular Session of the Legislature, the FY05 Supplemental Appropriation Act, provided an additional \$20 million to local school boards to help them defray the rising costs of pension benefits for their employees.

### **Sheriffs' Housing of State Inmates**

Sheriffs' Housing has been funded at \$156.2 million for FY06 to provide per diem for approximately 18,000 state inmates housed in local jails and detention centers.

- This is an increase of \$4.4 million over the FY05 budget of \$151.8 million.
- These inmates account for about 48.5 percent of the total state adult offender population.

### **Supplemental Payments to Law Enforcement Personnel**

The total level of Supplemental Pay was provided at \$69.9 million for FY06. Of this amount, \$22.6 million is paid to municipal police; \$18 million to local firefighters; \$710,000 to constables and justices of the peace; and \$28.6 million to deputy sheriffs.

- This is a decrease of \$1.5 million from the FY05 budget of \$71.4 million due largely to an anticipated decline in the number of eligible municipal police officers participating.
- On a monthly basis, eligible police officers, firefighters, and deputy sheriffs receive \$300, while constables and justices of the peace receive \$75.
- The program currently serves approximately 6,280 police officers; 5,005 firefighters; 7,930 deputy sheriffs; and 790 constables and justices of the peace.